

N. Y. Times

JUL 12 1957

BRITAIN REJECTS INFLATION SURVEY

**Bars Laborite Plea Linking
Project to Cost of Living—
Bank Note Output Soars**

By THOMAS P. RONAN

Special to The New York Times

LONDON, July 11—The Government rejected today a demand from a Labor member of the House of Commons for the appointment of a Royal Commission to inquire into inflation and the cost of living.

Emanuel Shinwell, the Laborite, charged that the Government did not know how to solve the problem of inflation and the rising cost of living. He said a Royal Commission might find a solution.

"Or are we to do nothing about it?" he asked.

Nigel Birch, Economic Secretary to the Treasury, reminded him that a Royal Commission already was studying monetary policy and said that was quite an important aspect of the inflation problem. But, he said, he did not think the specific problem of inflation was suitable for reference to it.

Herbert Morrison, another Labor member, then demanded to know when the Government, together with employers and trade union leaders, was "going to take hold of" the problem of inflation "instead of drifting along."

He said the inflationary process was gaining all the time and that ultimately it would mean the ruin of Britain.

Mr. Birch said he hoped Mr. Morrison had read the speech in which Peter Thorneycroft, Chancellor of the Exchequer, warned yesterday of the grave dangers of inflation. And he reminded Mr. Morrison that Mr. Thorneycroft was to make another speech on this subject tomorrow.

Harold Wilson, a former labor president of the Board of Trade, declared Mr. Thorneycroft had offered no answer to the problem. He said the group studying monetary policy was not likely to report for two years.

Further evidence of the extent of the inflationary process came in a Bank of England report today that bank notes in circulation during the week ended yesterday set an all-time record.

The notes amounted to £2,013,690,539 (about \$5,638,000,000).

Mr. Thorneycroft was understood to have discussed the problem of inflation at a Cabinet meeting this morning. He also covered the subject at a meeting with Conservative party backbenchers who were reported to be worried about impending increases in postal charges and in the price of coal.

It is widely expected that Mr. Thorneycroft will announce the Government's plans to combat inflation when he addresses the National Production Advisory Council tomorrow.

His speech yesterday was front-page news in

WESTERN EUROPE

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SOCIALISTS SHUN ADENAUER AFFAIR

Special to The New York Times

BONN, Germany, July 11—The Socialist leaders of four of West Germany's ten state governments refused to attend today the annual Bundesrat party of state and federal executives. The leaders of Bremen, Bavaria, Hesse and North-Rhine Westphalia (as well as West Berlin, a non-voting member of the upper chamber) were angry because Chancellor Konrad Adenauer had said in a campaign speech that a Socialist victory in the Sept. 15 elections would spell "the downfall" of West Germany.

The Bundesrat party is supposed to symbolize the harmony of West Germany's federal system of government.

The 51-year-old Chancellor has charged that at best the Social Democrats are "adventurers" and "triflers."

To date, the Socialist leaders had been moderately critical of the Adenauer Government's policies, including their relationship to German reunification.

However, speaking on the Bavarian radio last night, Erich Ollenhauer, Social Democratic party chairman, assailed the Chancellor personally. He charged Dr. Adenauer had lost "all sense of objectivity, of respect for an honorable Opposition opinion and of the dignified conduct of a political campaign."

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ROME HOUSE GROUP FAVORS NEW POOLS

Special to The New York Times

ROME, July 11—A committee vote in the Chamber of Deputies today showed a large majority in favor of the "European treaties."

The vote was believed to indicate speedy Chamber and Senate ratification of the European Economic Community and the European Atomic Energy Community treaties.

The most remarkable development on the committee was a split between the Communists and left wing Socialists. The top Communists were the only group that voted against two Communists, branding them moves in Western conspiracy against the Soviet Union. Pietro Nenni's left wing Socialists, until recently allies of the Communists voted for the atom community and abstained from voting on the common market. They said they might revise their stand on the latter project in the final vote in the Chamber of Deputies.

The British newspapers and it was the subject of editorial comment in most. Some papers were critical of the Government for developing again but most were inclined also to blame the trade unions and business.

Washington Post

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Aussies' Premier To Visit

By Frances Rowan

AUSTRALIA'S Prime Minister, Robert Gordon Menzies, will stop in Washington on July 24 for a semi-official visit on his way home from the Commonwealth Prime Ministers' Meeting in London.

The Minister who will probably stay at the Australian Embassy as guest of Ambassador and Lady Spender, will not bring his wife, Dame Patti, with him this year. Last year, he made the same stopover in Washington from London accompanied by the First Lady.

On the social side of his few days' visit will be the dinner Sir Percy and Lady Spender will give for him on July 25. The following day the Spenders, who'll be just back from Maine at the time, will entertain again at a big reception for the visitor. In the daytime, Menzies will make some official calls and probably be entertained at stag luncheons by high ranking State Department officials.

The Minister arrives first in New York before coming on to Washington. From here, he'll be off to San Francisco for a visit before going back to Australia.

Washington Post

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2 Pacts Advance In French Senate

Reuters

PARIS, July 11—The Foreign Affairs Committee of the Council of the Republic, upper house of the French Parliament, today approved by 19 votes to 8 the bill to ratify the European common market and European atomic pool (Euratom) treaties.

The ratification bill, already approved by the National Assembly, has still to be debated in full session in the upper house.

Chicago Tribune

JUL 11 1957

VOLKSWAGEN'S HOT POLITICAL ISSUE AT HOME

Socialists Oppose Plan to Sell German Firm

BONN, Germany, July 10 [Reuters] — The Volkswagen, the beetle-nosed little German car that has become the biggest selling foreign automobile in the United States, is rapidly becoming a hot political issue at home.

Chancellor Konrad Adenauer and his Christian Democratic party, campaigning for a third term in elections scheduled for Sept. 15, and the opposition Socialist party are hitting out at each other in a dispute over exactly who owns the multi-million dollar industry, Europe's biggest automobile plant.

The problem exists because the huge plant at Wolfsburg does not actually belong to anybody.

Begun by Hitler

Volkswagen began before the war. Hitler thought up the idea for a "people's car" and summoned the nation's best automotive minds to design it. Meanwhile, his "labor front" organization began collecting installment payments in advance from thousands of Germans. Not one of them even saw a people's car for their money.

In fact, their money went into the construction of the plant, which began production just in time to start making a modified Volkswagen which became the jeep of the German army. The first Volkswagen civilian car did not come off the assembly line until after the war and by then the labor front no longer existed.

British occupation authorities resuscitated the plant and the West German government put about \$15,000,000 into it to help rebuild the devastation of repeated poundings it had suffered from air raids.

Operates Under Trust

When the British left, the plant continued to operate under a trust in which the federal government and the state government of Lower Saxony shared responsibility. Since

then, Volkswagen has poured millions of dollars into the state coffers.

The current campaign battles centers over a new government idea for solving the ownership problem. Adenauer has worked out a plan by which shares in the plant would be sold to the public, thus turning Volkswagen into a corporation.

Low income buyers would get special discounts and big holdings would be prohibited.

Socialists have assailed the plan as "vote buying." They claim lower income people would rather have cheaper cars than cheap shares.

The standard model Volkswagen sells here for the equivalent of \$950. Some economists estimate it could be put on the market for \$700.

Workers Well Paid

Adenauer also faces opposition from the Lower Saxony section of his own coalition allies, the right-wing German party. Heinrich Hellwege, party chairman, and state premier, has opposed sale of the works which he claims belong to his state.

The workers, well paid by German standards and with model social benefits, have staged a number of one-hour protest strikes.

Heinz Nordhoff, 50, managing director of the firm, has made no comment, but there is little doubt that he is against the sale.

Nordhoff, appointed by the British occupation authorities in 1948 and given a free hand, was formerly with Opel, German subsidiary of General Motors.

Large sections of the coalition favor similar measures for other state enterprises, mostly coal mines and shipyards. Not all of these are as profitable as Volkswagen.

The firm expects to produce more than 400,000 out of the 1,000,000 motor vehicles West Germany is expected to produce this year. Volkswagen exports about half its production — cars, small buses and light trucks.

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Churchill Endorses Europe Free Trade

By John Allan May

Staff Correspondent of The Christian Science Monitor

Sir Winston Churchill came back to Westminster to lend the weight of his support to Prime Minister Harold Macmillan's plan for a European free trade area.

It was not Parliament Sir Winston spoke in but Caxton Hall, at a rally organized by the United Kingdom Council of the European Movement, the evening of July 9.

"My message to Europe is still the same as it was 10 years ago — unite," Sir Winston declared. "Europe's security and prosperity lie in unity."

Mr. Macmillan added, "This is an opportunity that we cannot miss. It may not recur."

While the Prime Minister spoke, leaflets rained down from the gallery and hecklers shouted, "Long live the British Empire!"

The hecklers, who appeared to be mainly from a group called the Empire Loyalists plus a sprinkling of supporters of Sir Oswald Mosley who once ran the British fascist movement, were removed from the hall. They took away with them the faint air of make-believe that had hung over the hall.

For in fact there is no clash between the Commonwealth and the idea of a European free trade area. Mr. Macmillan, almost straight from a series of meetings with Commonwealth prime ministers, again made this clear.

What he also made clear, however, was that there is a clash,

a serious clash, in Europe between different concepts of unity and different views of Britain's role in a united Europe.

"We must be frank," Mr. Macmillan declared. "We believe that there is real danger that in trying to create unity in Europe, new divisions may follow. That is why we have launched our proposal for the industrial free trade area."

This is taken by some observers here to be a direct warning that a six-nation common market that developed into a new exclusive economic superstate dominated by West Germany would be considered a menace to Britain.

Britain's terms for continued support of the six nations — France, Belgium, Luxembourg, the Netherlands, Italy, and West Germany — center round the formation of a wider free trade area linked to their common market. This free trade area, under the British plan, would be exclusively industrial and would exclude agriculture.

This would enable Britain simultaneously to maintain its preferential tariff links with its Commonwealth associates, and, of course, to carry on with its own national subsidized farming program, while gaining the industrial benefits associated with free trade.

It also would help to insure that the common market never becomes just one more large economic area isolated from others behind its own high tariff wall, as otherwise could

happen with the EFTA.

But this British common market scheme has its opponents. For instance, how could Denmark join a free trade area that excluded Danish products almost entirely and yet opened Denmark freely to the goods of other nations?

French Foreign Minister Christian Pineau in the debate in the French Assembly that preceded ratification of the common market treaty also declared that the exclusion of agriculture is "not an acceptable basis for the free trade area."

If this attitude is echoed firmly elsewhere among the six, it is inevitable that the two concepts of unity — complete and partial, supranational and international — will come face to face in a final and decisive clash.

If a common market alone is formed, can Britain afford to stay out? Can it demand terms for its inclusion or must it accept terms?

Mr. Macmillan hopes that the six nations, needing British support, will not allow the questions to be put to the test and the final clash to develop.

"That is why we attach so much importance to early and effective negotiations," he declared.

Sir Winston stated: "I am quite sure that a way will be found and that a reasonable adjustment will be made to meet all the essential interests to which we have regard."

A long testing time is at hand.

Chicago Tribune

JUN 11 1957

GERMAN FIRMS BARE GROWTH IN CHEMICALS

3 Farben Successors Profit Most

(N. Y. Times-Chicago Tribune Service)

BONN, Germany, June 10—The extraordinary capacity of German industry to survive and prosper despite physical destruction and political penalties is demonstrated in the current annual reports of the three successor companies to the I. G. Farben chemical trust.

The three independent corporations — Farbwerke Hoechst, the Bayer company, and Badische Anilin und Soda Fabrik (BASF) — have outstripped the best turnover and profit figures of their parent. Taken together they dominate the German

chemical industry and are primarily responsible for the strong competitive position of German chemicals in the world market.

Stock Value Doubles

Many I. G. Farben plants were destroyed or damaged during the war and an important fraction of the holdings was lost to the Communists in East Germany. The three main successor companies, created by allied occupation authorities in 1951, inherited only a portion of the surviving Farben assets in West Germany.

Despite these blows, the Dresdener bank reported in its current market letter that a holder of Farben shares more than doubled his money in terms of gold in the last two decades.

The bank calculated that 1,000 Reichsmarks worth of Farben stock, purchased in 1938, would be worth 2,020 Deutschmarks today. The mark is valued at 25 cents.

Produce More Products

That paper profit was made possible by the vigor and foresightedness with which the

plunged back into the chemical business in the last five years. Forty per cent of Bayer's production last year, for example, represented items that did not exist in 1946.

The three companies reported 1956 sales amounting to 4,600,000,000 marks—only half as much as the remaining 105 chemical companies combined. They accounted for 41 per cent of the republic's chemical exports. Forty per cent of Bayer production went abroad as against 33 per cent for BASF and 30 per cent for Hoechst.

All three reported an increase in sales over 1955 of 10 per cent and each hoisted dividends from nine to 10 per cent. They employ 130,000.

West Germany now ranks fourth among the world's producers of chemical products, behind the United States, Russia, and Britain. BASF estimated in its annual report that world chemical production amounted to \$59,000,000,000 in 1956, of which West Germany's share was \$3,700,000,000, or 6.3 per cent.